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The President's Daily Brief

23 December 1971

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THE PRESIDENT'S DAILY BRIEF

23 December 1971

PRINCIPAL DEVELOPMENTS

Prime Minister Souvanna has rejected a Communist demand for an end to the air war in Laos. The Plaine des Jarres area is quiet. *(Page 1)*

On *Page 2* we report on the latest developments in Pakistan and Bangla Desh, and give a preliminary assessment of the effects of the war on the economies of all three participants.

[redacted] Thailand [redacted] 50X1(1

[redacted] *(Page 4)* 50X1

South Korean President Pak is moving to increase his power. *(Page 5)*

The Soviets are sending more naval vessels to the Indian Ocean. *(Page 6)*

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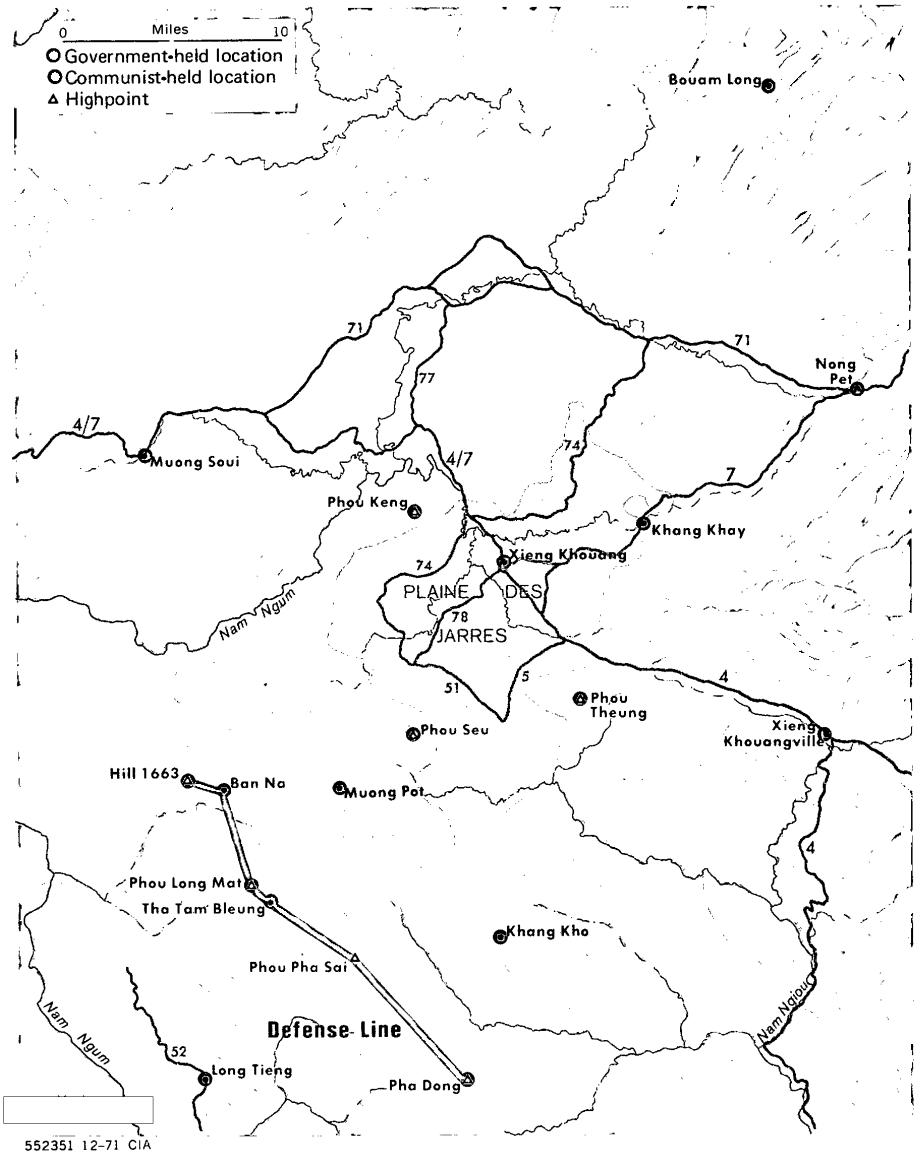
LAOS: PLAINE DES JARRES AREA



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LAOS

Despite the reversals suffered by government forces on the Plaine des Jarres, Prime Minister Souvanna is in no mood to make concessions to the Communists. He has rejected a Pathet Lao demand--reinforced by representations from the Soviet ambassador--for a halt to aerial bombing in Laos, unless the Communists make "matching concessions" and give adequate guarantees. He said that Laos would defend itself with all available means, and has told US Embassy officers that he views the Communist demands as evidence of the bombing's effectiveness.

> *The demands were sent in a letter dated 16 December, just before the North Vietnamese launched their attack on the Plaine. The letter was not received until 21 December and seems designed to justify the Communist offensive, rather than reflecting any real expectation that Souvanna might capitulate. The Pathet Lao undoubtedly know that Souvanna can expect the support of most of the powerful political figures in the country for his tough line.*

* * *

The tactical situation has changed little during the past 24 hours. Irregular units retreating from the Plaine are beginning to regroup along the proposed defensive line between Ban Na and Pha Dong. Meo civilians have withdrawn from the Long Tieng Valley and are moving south toward refugee centers. There is no evidence of panic among the people or the troops.

There has been very little contact with the enemy near the Plaine. Bad weather has hindered aerial reconnaissance, and the irregular troops are not yet well enough reorganized for reconnaissance patrolling. An intercepted Communist message refers to the sending of reconnaissance units to Ban Na, and the enemy may intend to move against that site, which was the focal point of their offensive during the most recent dry season. The North Vietnamese apparently did not commit all their forces in the battle for the Plaine, and presumably have fresh troops available for a quick move westward, if they so desire.

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INDIA - PAKISTAN - BANGLA DESH

The tumultuous welcoming crowd in Dacca yesterday overlooked the lack of a specific plan for the future on the part of the arriving Bangla Desh leaders. Acting President Nazrul Islam told the throng that freedom depended on overcoming poverty, and said the basic objectives of the country should be "democracy, secularism, socialism, and a non-aligned policy in foreign affairs." The government has not yet been formally installed, and no date for the ceremony has been announced.

The leaders who arrived yesterday are essentially centrists in political and economic orientation. They believe in a mixed economy with the state "commanding the heights," similar to the system used by India. There are, however, other factions, with differing ideologies, with claims on seats in the government. Among these are leftist guerrilla units. Negotiations with such groups may be delaying early formation of a government.

In Pakistan, Bhutto has begun making appointments to solidify his position. He has replaced the head of the press trust, and [redacted] 50X1
[redacted], intends to continue government 50X1
management of the news.

* * *

The war on the subcontinent has left the economies of the protagonists in varying states of disrepair. India suffered only slightly and has already acted to cope with the economic demands of the war. New taxes, including a 2.5-percent corporate income tax surcharge, were introduced, and the government was empowered to impose controls on prices and distribution of essential commodities. India's only major economic problem is the suspension of US and Japanese aid, and the full impact of this has not yet been felt.

Pakistan's economic problems have been exacerbated. The war resulted in the destruction of a substantial part of its modern weapons inventory and heavy damage to its major port and petroleum facilities at Karachi. The major problems, however, are those resulting from eight months of civil war in the East. Military spending has cut into civilian development projects, and some foreign aid donors have been alienated. However, if political

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stability can be restored and substantial new foreign aid commitments obtained, Pakistan has a good chance of quickly resuming rapid economic progress. It has a strong modern agricultural sector and an experienced and sophisticated entrepreneurial class. Islamabad demonstrated in 1971 that it could withstand the loss of most of its markets in the East wing by expanding its foreign sales.

Bangla Desh will require substantial foreign aid for reconstruction and rehabilitation before economic activity can resume. The transportation and distribution systems must be restored if the population in food-deficit areas is to be adequately fed, particularly after refugees in India return. Indian and other foreign administrators will be needed to restore order to daily economic life. The small modern industrial and banking sectors were previously run by West Pakistanis who must now be replaced. The one bright spot in Bangla Desh's economic future is the restoration of its natural trade ties with India, which could more than offset its loss of markets in West Pakistan.

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THAILAND

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FOR THE PRESIDENT ONLY

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SOUTH KOREA

The government has announced that it intends to push through the legislature a bill which gives the President extraordinary powers over the economy, manpower, land use, and the press under emergency conditions. The bill is the expected follow-up to the recent declaration of a state of national emergency. The opposition New Democratic Party is fighting the government's action, and party spokesmen have indicated that their representatives in the assembly will resign if the bill is passed. The government majority in the assembly, however, will be able to engineer passage of this bill before the current session ends on 29 December.

Pak need not move against the opposition to secure passage of the bill. But his strong response to recent challenges to his political power suggests that he will again overreact and take measures to curb the opposition or abridge the power of the assembly. Furthermore, the bill appears to go beyond the constitutional limits of presidential authority, and it could be intended to set the stage for greater direct presidential control.

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NOTES

USSR-Indian Ocean: The Soviets are sending additional naval forces to the Indian Ocean. Two cruise missile submarines arrived there yesterday, and a guided missile cruiser moved in on 18 December. There are now three submarines, two guided missile destroyers, the cruiser, two fleet minesweepers, and one landing craft in the Indian Ocean. They are attended by six naval auxiliaries. Two more Soviet surface combatants and two diesel attack submarines are expected to arrive in the area within a week. With the exception of several ships shadowing the US aircraft carrier Enterprise, the Soviet forces have stayed mostly in the western part of the ocean, closer to Arabia than India.

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USSR: [redacted] 50X1
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Cuba-USSR: Soviet seaborne military shipments to Cuba have increased by about 15 percent this year over 1970. The sixth ship since mid-year bearing military cargo will arrive soon with seven MIG-21 interceptors on deck. Five MIG-21s were delivered in late October, the first known shipment of these aircraft since September 1967. These cargoes are believed intended to replace and, to some extent, modernize Cuba's aging military inventories.

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Yugoslavia: Tito is keeping the pressure on recalcitrant Croatians, even implying he might use the army to bring the republic's nationalists under control. He is doing whatever he can to strengthen the new party leaders he imposed on Croatia, including forcing the resignation of Premier Dragutin Haramija, who has publicly defended the ousted leaders. The purge has swept out at least 75 officials so far, and more forced resignations are expected. Internal security measures have been tightened, including the interception of weapons being brought in by Croatian workers returning from the West, rapid dispersal of street demonstrators, and raids on buildings housing suspected dissidents. In Zagreb, midnight mass has been canceled on Christmas Eve, presumably to prevent crowds from gathering.

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